

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7880

BILL NUMBER: HB 2081

DATE PREPARED: Jan 15, 2001

BILL AMENDED:

SUBJECT: Insurance Coverage for Annual Examinations.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill defines "physical examination" to include certain age-related examinations and counseling. The bill specifies the following age-related examinations: (1) Blood pressure annually after age 20; (2) blood cholesterol, including high density lipoprotein cholesterol, annually after age 20; (3) pap smear biennially beginning at age 20; (4) mammogram annually beginning at age 40; (5) stool occult blood annually beginning at age 40; (6) sigmoidoscopy for polyps every 5 years after age 35; (7) glaucoma screening every 5 years after age 35; (8) blood glucose level annually after age 20; (9) hemoglobin level annually after age 20; and (1) update of immunizations annually. The bill also specifies annual counseling as follows: (1) annual breast examination; (2) monthly testicular self-examination; (3) monthly weights; (4) smoking cessation; and (5) seat belt use. The bill requires coverage under a state employee health benefit plan, a policy of accident and sickness insurance, and a health maintenance organization (HMO) contract for an annual physical examination for a covered individual without copayments, deductibles, coinsurance, or out of pocket expenses.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill potentially could increase the premium cost incurred by the state in providing health insurance benefits to state employees. The bill requires the state employee health plans, health insurance policies, and HMO contracts to provide full payment for the cost of specified age-related examinations and annual counseling on certain subjects.

The requirements as they apply generally to health insurance policies and HMO contracts, and as they apply specifically to the state employee health plans, could have an impact on future costs faced by health plans providing health benefits to state employees. These additional costs would presumably be passed through to the state and state employees via higher premiums and enrollment fees. The extent to which the required coverages would actually impact premiums, however, would likely depend upon the claims history of state employees and the extent to which these health plans already pay for the pertinent services. As to any

premium increase, the state has, under an agreement with the state employees, agreed to pay 93.5% of any increase in the total premiums for both single and family coverage during the life of the agreement. Employees will pick up the remaining 6.5% of any increase.

[Note: Additional information has been requested of the health plans providing coverage to state employees. This fiscal note will be updated as additional data and information is obtained relating to the cost of the required coverages.]

Explanation of State Revenues:

Explanation of Local Expenditures: Similar to the state, increased premiums and enrollment fees may result in additional costs to local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. Again, the actual impact on premium costs would depend upon the claims history of a local unit's employees and the extent to which that local unit's employee health plan already pays for the pertinent services. In addition, a premium increase resulting from the bill may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local Government Units and School Corporations.

Information Sources: